International Business Machines Corporation

1301 K Street, NW
Washington, DC 20005-3307
202/515-4000

EX PARTE OR LATE FILED

April 22, 1998

Ms. Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: Ex Parte Contact in CC Docket No. 96-45

Dear Ms. Salas:

On April 21, 1998, Mr. Roger Cochetti and Dr. Nat Clarke of IBM and I met with Mr. Elliot Maxwell, Deputy Chief, Office of Plans and Policy, to discuss dial-up Internet access options, including local points of presence and 800 number access. We described access and billing for the IBM Global Network, and we provided the attached materials on our network. We specifically addressed the issue of whether rural health care providers that are eligible for universal service discounts may receive discounts on their long distance telephone expenses for Internet access when they purchase Internet access and dial in through an 800 number provided and billed by their Internet service provider.

The original and one copy of this letter, with attachments, are hereby submitted in compliance with FCC rules.

Sincerely,

Steven W. Stewart
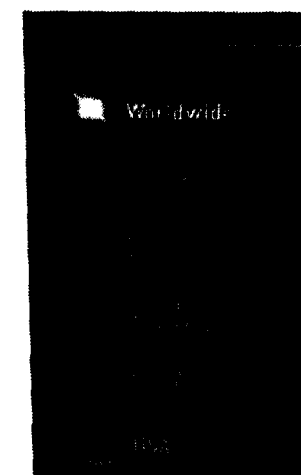Program Manager, Telecommunications Policy

Attachments

cc: Mr. Elliot Maxwell (w/o attachments)

Worldwide Sales Information

Field and sales information - One minute overview of our services

IBM Global Services operates the IBM Global Network, one of the world's largest data networks, which serves more than 30,000 customer enterprises in more than 900 cities around the world. It is also one of the world's largest Internet Service Providers with over 1000 local dial points of presence in more than 50 countries at speeds up to 128 Kbps. We've been in the network services business since 1981, we helped design and operate the National Science Foundation Network (NSFNET) in the U.S. (an earlier backbone network for what has become the Internet), and we provide network services to a majority of the Fortune 500 companies. Our solutions cover the spectrum -- from helping customer's handle continuous replenishment of their retail stock and supporting legacy systems and applications, to Web hosting and supporting intranets.

IBM Global Services integrates, manages and delivers the reliable network, technical know-how and secure applications to meet the evolving needs of enterprises, their customers and their partners. Our IBM Global Network provides multiprotocol capability, industrial strength, mission critical reliability and secure transmission. We operate 5,500 interconnected networks, 3,000 LAN router sites and global high-speed connections. We understand and respond to customers' specific business, network and application requirements, providing geographic coverage and local customer support worldwide. All of our network services are fully redundant and supported 24 hours a day, 7 days a week with local language help desks and recovery services. A **PC World survey** published in February 1997 and a **HomePC Magazine survey** in September 1997 both rated IBM Global Services as the best Internet Service Provider in the U.S.

We provide a superior combination of managed network services for connectivity, content, electronic commerce and collaboration, as well as network outsourcing services to .,tomers; offering access to advanced network computing technologies, protection against technology obsolescence and a

reduction in the need for non-core skills and resource investment. In fact, in November 1996, **Network World** said IBM Global Services was one of the top network outsourcing providers, and in September 1997 **Forrester Research rated IBM as the best network** in their report on Network Help Deliverers. If you have network services needs, you owe it to your organization to look at the capabilities IBM brings to the table.
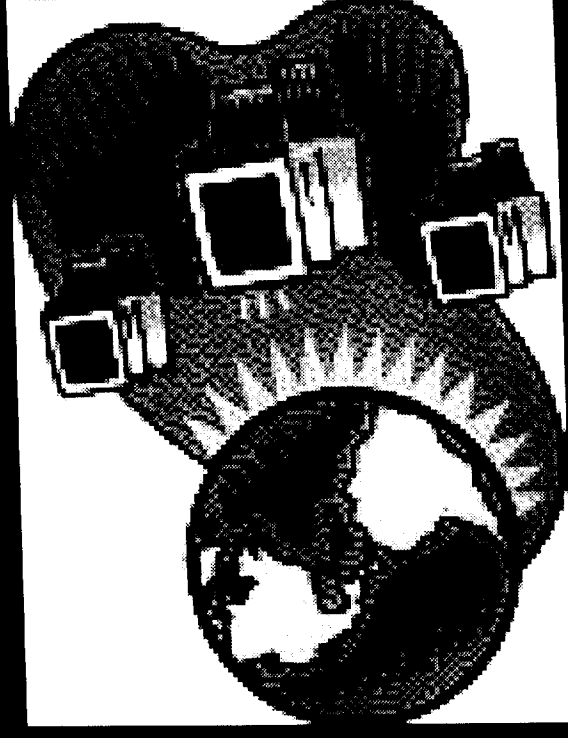
IBM Global Services
Network Services

IBM Internet Connection

Jeb Evans
Internet Sales Manager

Phil Parries
Executive Briefing Center

1998 Sales & Marketing Meeting

Agenda

- Internet -- backbone
- Affiliate Dial program
- Internet direct services
- Total solution provider
- Internet connection service strategy
- Internet sales tactics

IBM Global Service
Network Services

Network POPs

90 Mbps

24 Mbps

DS3 bandwidth in USA
E1 bandwidth in Europe
and Asia

Network Dial POPs

IBM Global Services
Network Services

Jan. 9 1998
1085 POPs

Internet Backbone

29 Internet Exchanges in

20 Countries with

130 Peering agreements

Affiliate Dial Program

- Provide customers with the full range of Internet applications and utilities

- Bundle the IBM Internet Connection Services' software access kit

- Link your customers directly to an Internet home page ... and IBM

- Let IBM take care of software licensing, registration, billing and customer care

- Offer customers the unmatched connectivity and reliability of the IBM Global Network with local Internet remote access from more than 1,070 points of presence (worldwide)

Customization

- **Installation**
  - Default directory
  - Default program group
  - Custom legal text
  - Custom terms & conditions
  - etc....

- **Dialer**
  - Default dialer title
  - Icon
  - Readme information file
  - Help text
  - Help desk phone numbers
  - etc...

More Customization

- **Browser**
  Home page URL
  Directory buttons
  Directory menu
  Animated icon
  Bookmark file
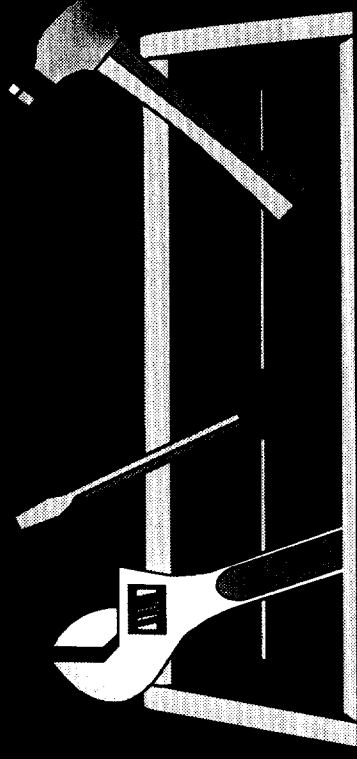
- **Auto registration**

- **Type of Internet connection required**

- **Encryption**

Fenced Internet Access

IBM Global Services
Network Services

IP Addr = 166.72.1.6

53.3Kbps
(x2)

Service Manager

Authentication
Accounting
Authorization

IBM

LIG

IP Addr Pool
166.72.1.*

Internet

Ethernet

R

Customer   T/R
LANs

165.120.7.8

164.120.65.21

Internet Access Kit
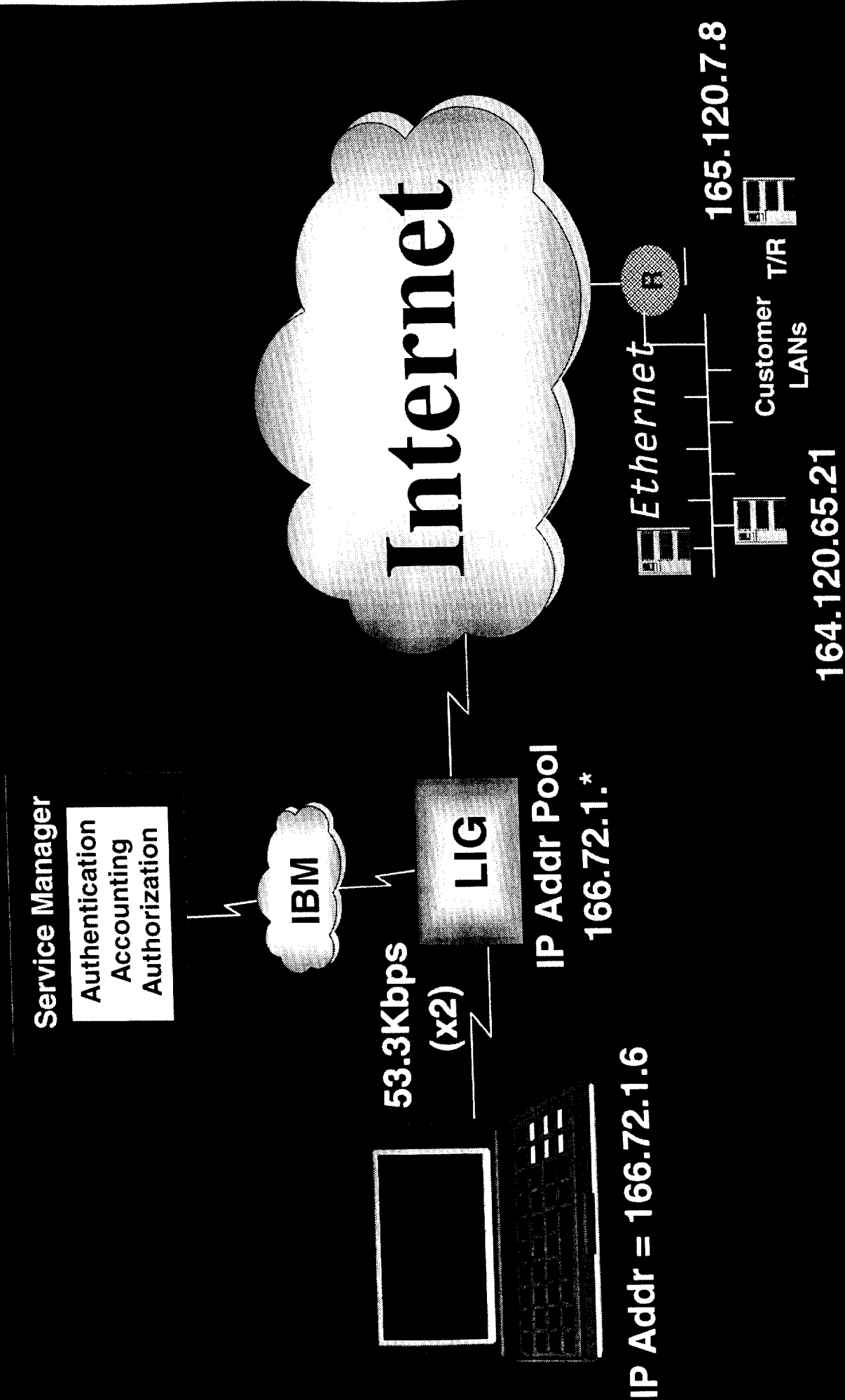
- ## Best of breed package
  One button registration (52 countries)

- ## WWW browser, FTP, newsreader, e-mail (POP3), TCP/IP

- ## IBM Global Network dialer
  Pop-up messages
  Dynamic configuration of user applications
  Update facility
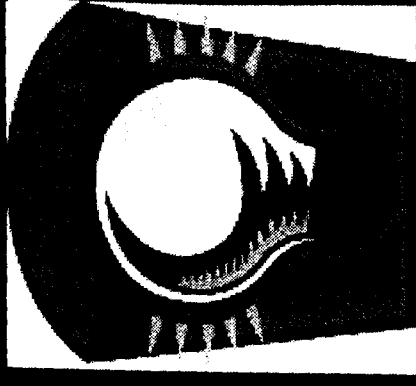
- ## Windows 3.1 / Windows 95 / Windows NT / Mac

Manufacturing and Fulfillment

- **Software manufacturing**
  Diskettes or CD-ROMs
  Custom packaging

- **Software fulfillment**
  Order fulfillment via 800 number, Internet or mail
  Drop ship to specific locations
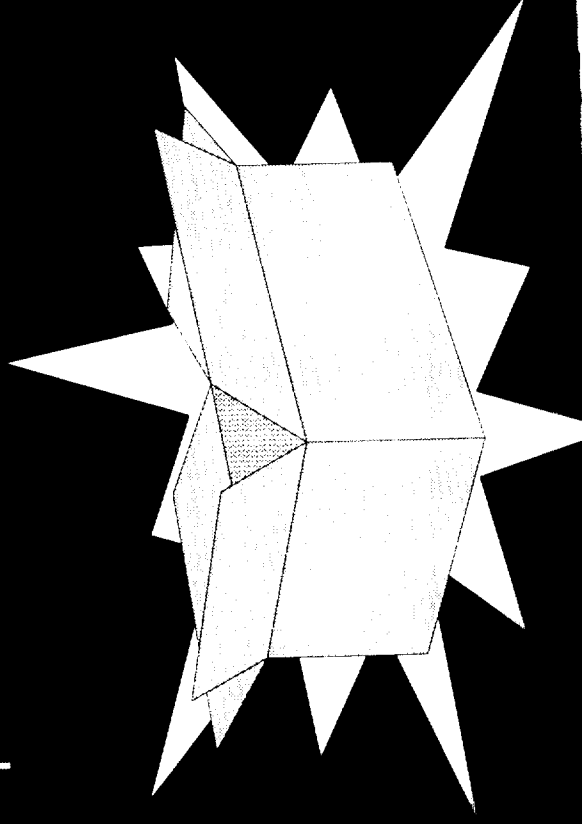
Worldwide Registration and Billing

- **One button on-line registration**

  52 countries

  Capability to accept on-line registrations wherever international credit cards are issued

  - American Express
  - Diners Club
  - Discover Card/Novus
  - JCB
  - MasterCard
  - Visa

  Billed in local currency

  Conforms to all local laws and taxes

$ ¥ F £

CREDIT CARD

1234 5678 9012

VALID FROM
XX/XX/XX

GOOD THRU
XX/XX/XX

PAUL FISCHER

DM   L
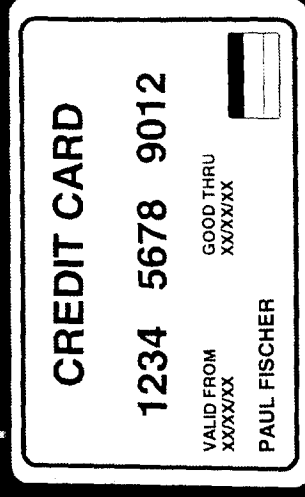
Customer Care

- **24 hours a day, 7 days a week in the U.S.** (other countries may vary)

- **Quality goals**
  Wait time
  Abandonment rate
  Average call time

- **ISO 9000 certified**

Internet Direct Services
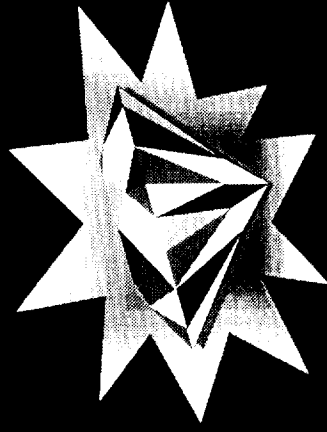
■ Managed connection which includes:

Customer premise router (with dial access support)

Customer premise DSU/CSU

Telephone circuit

Speed: 56 Kbps -- 1.54 Mbps (or higher!)

Provision of primary and secondary name server

Assignment of IP address ranges for customer network

Internet access via IBM shared firewall

Internet Direct Strategy
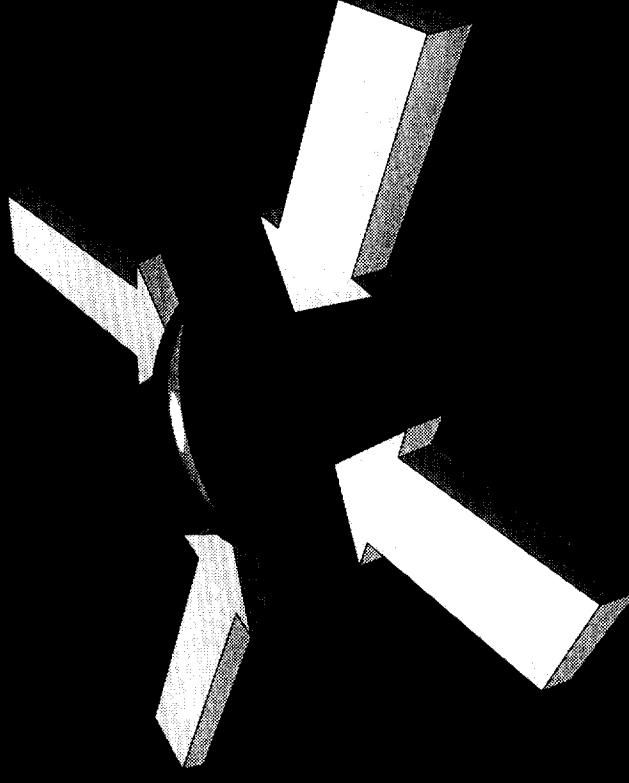
- **Pervasive global strategy**
- **Focus on quality**
  Customer care 7 by 24
  Network availability
  Managed service to customer/location
- **Shift toward frame relay with Managed Data Network Services (MDNS)**

Internet Connection
Services Strategy

- **Be a leading Network Service Provider (NSP)**
  Presence at most major Exchange Points
  Fully connected to all other NSPs
  Share routes with other NSPs

- **Extend our Internet reach worldwide**
  Use our own network infrastructure
  Enables a superior global quality of service

- **Maintain a highly available and robust network**
  Sufficient management procedures and processes

Internet Measurement Services

	May	June	July	IBM	Industry	Rank
23-Hour Call Abandon Rate	■	■	■	6.9%	8.6%	★ Top Ranked (2)
Evening-Hour Call Failure Rate	■	■	■	5.4%	12.3%	★ Top Ranked (3)
Initial Modem Connect Speed (Kbps)	■	■	■	28.7	28.2	
Average Time to Login (sec)	■	■	■	25.5	31.5	★ Top Ranked (4)
Average DNS Lookup Time (ms)	■	■	■	436.6	474.4	
Average Web Throughput (Kbytes/sec)	■	■	■	1.81	1.79	★ Top Ranked (5)

■ = below industry average   ■ = above industry average

(1) Thirteen providers used to calculate industry averages: AOL, AT&T, CompuServe, Concentric, Earthlink, IBM, MCI, Microsoft Network, MindSpring, NETCOM, Prodigy, Spri and UUNET

(2) Ranked 2nd (5-way tie), June 1997

(3) Ranked 1st (3-way tie), May 1997; Ranked 1st, June 1997; Ranked 1st (2-way tie), July 1997

(4) Ranked 2nd, June 1997; Ranked 2nd, July 1997

(5) Ranked 1st, June 1997

Top Rated Internet Service Provider

IBM Global Service
Network Service

PC WORLD

FORRESTER
The Forrester Report

PC MAGAZINE

GartnerGroup
INTERACTIVE

HOMEPC
October 1997
the #1 magazine for home computing

IBM Content Hosting
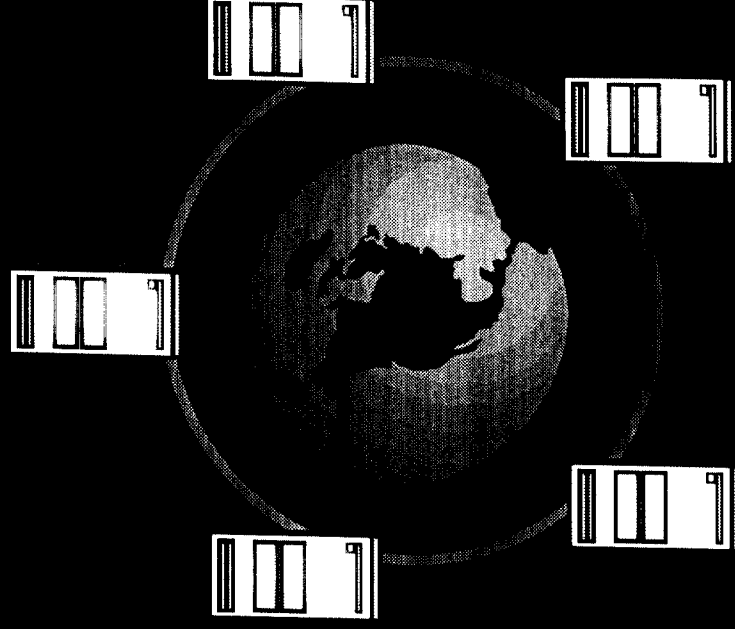
Server Farms

- **United States**
  Schaumburg, IL (active)
  San Francisco, CA
  West Orange, NJ

- **EMEA**
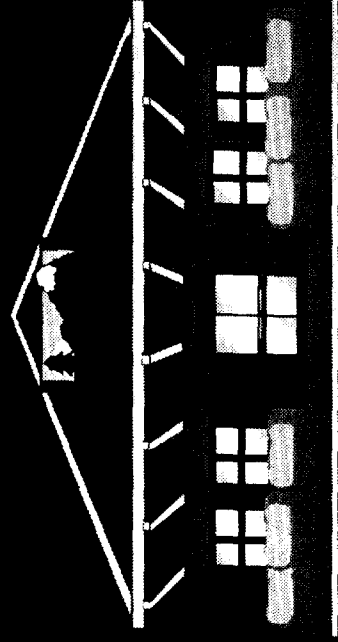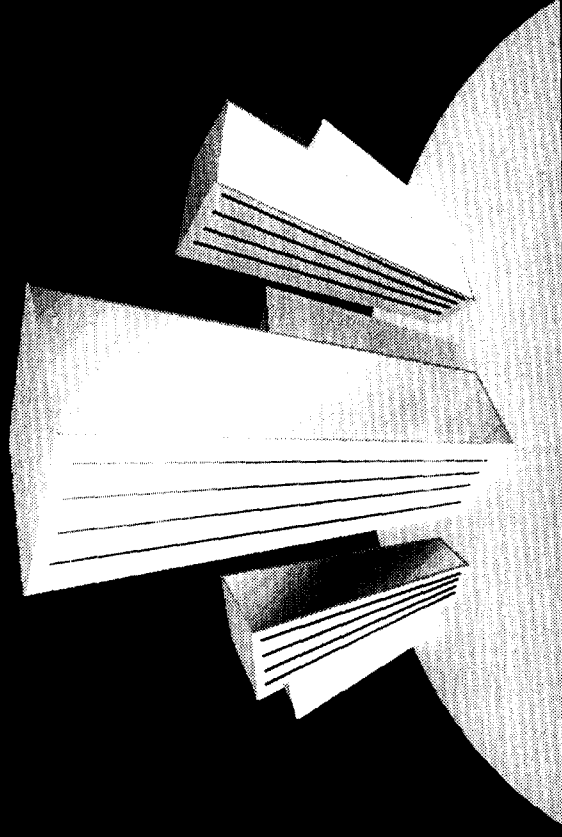 Portsmouth, England (active)
  Ehningen, Germany

- **Asia Pasific**
  Sydney. Australia
  Tokyo, Japan (active)

Standard Package

- Shared Server
  RS/6000-AIX
- Netscape Enterprise Server
- 50 MB DASD (300 MB max)
- 128 MB RAM
- Up to 2 GB/month transfer rate

- Pre-approved CGI scripts available
- Daily incremental backups
- One IP address/One domain name/One URL
- Use Netscape Navigator Gold for updates and file transfers

Dedicated Hosting

- Intel NT

  Netscape Enterprise Server or Microsoft Internet
  Information Server
  4 Gig Disk Storage (max: 8 Gig)
  64 MB Memory (max: 512 Mb)
  5 Gig Bandwidth/month

- RS/6000

  Netscape Enterprise Server
  4 Gig Disk Storage (max: 8 Gig)
  64 Mb Memory (max: 768 Mb)
  5 Gig Bandwidth/month

- Sun

  Netscape Enterprise Server
  4 Gig Disk Storage (max: 8 Gig)
  64 Mb Memory (max: 1Gig)
  5 Gig Bandwidth/month

JAVA
COMPATIBLE